

## SECTION 14

### USDA DONATED FOODS

PROGRAM OVERVIEW .....	14.1
Introduction.....	14.1
Legislative Authority.....	14.1
Commodity Programs .....	14.1
FOOD DISTRIBUTION SYSTEM .....	14.2
Commodities Categories .....	14.2
Notice of Arrival.....	14.2
Planned Usage Request Forms .....	14.3
Entitlement.....	14.3
COMMERCIAL DISTRIBUTION SYSTEM .....	14.4
Overview.....	14.4
Method of Delivery/Pickup.....	14.4
Ordering Procedure .....	14.5
Receiving Responsibilities.....	14.6
Payment to Warehouse.....	14.6
Excess Storage.....	14.7
COMMODITY PROCESSING.....	14.7
Types of Donated Food Processing Programs .....	14.7
Fee Arrangements.....	14.7
Distributing Agency Recordkeeping and Reporting.....	14.8
Sponsor Responsibilities .....	14.8
USE OF USDA COMMODITIES .....	14.9
Food Management Companies .....	14.9
Use of Commodities in the Class Room.....	14.9
Administering Several Food Programs .....	14.10
Catering.....	14.10
CARE AND STORAGE OF COMMODITIES .....	14.10
Storage Procedures .....	14.10
Transfers .....	14.11
Loss, Spoiled, or Damaged Commodities .....	14.12
Food Alerts .....	14.12
Records and Reports.....	14.13

COMMUNICATION.....	14.13
Food Preference Surveys.....	14.13
Food Distribution Advisory Council .....	14.13
Commodity Complaints .....	14.14
DISASTER FEEDING .....	14.14
Release of Commodities .....	14.14
EXHIBITS	
Calendar for Group "A" Donated Foods .....	A
Notice of Arrival.....	B
Planned Usage Request .....	C
USDA Donated Food Wholesale Value List .....	D
School Order Form.....	E
USDA Receiving Report.....	F
Over, Short and/or Damaged Report .....	G
Perpetual Inventory .....	H
Food Storage Temperature Chart.....	I
“Best if Used By” Dates for Commodities.....	J
USDA Commodity Foods Transfer.....	K
Report of USDA-Donated Food Loss .....	L
Storage Facility Self-Evaluation Form.....	M
USDA Donated Food Inventory Report.....	N
Private Storage Contract .....	O
Monthly Verification.....	P
Complaint Form.....	Q

## **PROGRAM OVERVIEW**

### Introduction

By law, the United States Department of Agriculture (USDA) acquires agricultural commodities through price support programs, surplus removal, and direct purchase programs from national markets to provide nutritious, quality foods to eligible schools/agencies. The schools, in turn, prepare meals for the purpose of improving the nutritional well-being of children receiving the meals. About 20% of the foods consumed in schools throughout the United States are donated by the USDA.

A state agency enters into an agreement with USDA to administer the Food Distribution Program to approved sponsors. In Arizona, the agency responsible for administering the Food Distribution Program for congregate meals is the Arizona Department of Education (ADE), Student Services Division, Food Distribution Unit.

Participants in the National School Lunch Program indicate on the Food Service Agreement their choice for participation in the Food Distribution Program.

### Legislative Authority

The USDA offers foods to the states under four legislative acts:

1. Section 6 of the National School Lunch Act specifically for schools participating in the National School Lunch Program,
2. Section 32 of Public Law 320, August 1935, the Agricultural Surplus Removal Program,
3. Section 416 and 6(e) of the Agricultural Act of 1949, the Price Support and Re-donation Program, and
4. Section 709 which allows the purchase of dairy products at market price for School Lunch Programs.

The USDA pays for the primary processing and packaging of commodities and for transporting them to receiving destinations chosen by the State Distributing Agency (DA).

### Commodity Programs

National School Lunch Program (NSLP) - Commodity assistance to school districts operating nonprofit school lunch programs, nonprofit public and private residential childcare agencies and nonprofit private schools.

Summer Food Service Program (SFSP) - Commodity assistance for nonprofit organizations operating food service programs for children under the SFSP.

## **FOOD DISTRIBUTION SYSTEM**

### Commodity Categories

The USDA provides an annual dollar value entitlement of commodities to be made available to each of the programs. USDA purchases commodities from the national market or as price support items to fulfill the dollar entitlement for each program. These items are called Group A. States order certain standard staple items for the programs at levels not to exceed the dollar entitlement level authorized. These items are called Group B. USDA provides items, which are in large surplus, that are not subject to an entitlement. These items are called Bonus Items. Commodities are classified based on the method which USDA uses to purchase the commodities. Classification of commodities plays an important role in how the foods are ordered/allocated, coded for computer purposes, inventoried and tracked. The following describes the commodity groups:

Group A - This is the largest group of items which are issued to the National School Lunch and Summer Food Service Programs. Items are available only intermittently and the majority of items are made available during the school year. (Examples: Ground Beef, Canned Peaches, Frozen Turkey, and Frozen Chicken.) These items are allocated to the State by the USDA. Sponsors are notified of expected Group A shipments by the Group "A" calendar (Exhibit A). This calendar serves as a tool for planning menus and commercial purchases. Group B - These items are usually available year round and are normally staple items used in food service, examples: pasta, flour, and peanut butter. Perpetual inventory of Group B is kept at the warehouse or it can be brought into the state and allocated to Sponsors depending on demand by schools. Inventory level and distribution is based on need projections submitted to the state by the sponsor yearly on the Planned Usage Request (Exhibit C).

Bonus Items - Group A or B foods may be available as Bonus. The "Notice of Arrival" will indicate the word Bonus if a commodity is Bonus. The values of Bonus items are not charged against the sponsor's entitlement.

Processed Items - The State enters into processing agreements with vendors to convert raw commodity into processed items which are more acceptable and usable for schools. When there are enough commitments from schools for a full truck, the Food Distribution Unit coordinates the diverted shipments of the raw product from USDA vendors to the processor. The finished product is shipped to the warehouse for distribution to schools. Processed items are handled the same way as any other commodity (e.g., allocations to specific schools and a 45-day storage period). Processed items reflect the processors packaging and labels, not the USDA commodity packaging and labeling.

### Notice of Arrival

The Notice of Arrival (NOA) form (Exhibit B) is used to notify schools of Group A or Group B products which are available for ordering at the warehouse. These items are allocated to sponsors on a fair share basis.

After receiving the NOA form, schools who wish to refuse some or all of the products must either refuse on-line the cases you know you won't use or send the NOA back to the warehouse within 14 days from date of allocation. The values of the refused products are returned to the sponsor's

entitlement only if refused within the two week time period. The sponsor is allowed 45-days of “free storage” for items they accept. Items must be ordered before the end of the 45-day storage or excess storage charge will be billed to school, the product is put into surplus inventory making it available for another sponsor and the entitlement value is lost. ADE is responsible for tracking inventory items to assure that sponsors are allocated no more than their accepted amounts. Allocations are considered accepted when the NOA is not sent back to the warehouse.

### Planned Usage Request Form

The Planned Usage Request Form (Exhibit C) is used by Food Distribution to order Group B commodities from USDA. Sponsors are required to submit this form once a year, usually in February or March. The forms reflect Group B items expected to be available for the year.

The form contains the sponsor’s name, address and six-digit County-Type-District (CTD) number. The CTD number is important when placing orders with the warehouse and communicating with Food Distribution. The entitlement assigned to the sponsor for the entire year is located in the top right hand corner.

The bottom half of the forms lists the names of the products available, the type of container, i.e., case or bag, the four digit USDA commodity code, i.e., BO6O, the months for which the sponsor is projecting orders and the USDA value of the food. Group B requests must stay within the dollar entitlement assigned.

Forms must be submitted to Food Distribution by the due date established to assure the product is available for the requested month. Unreturned usage forms are considered a refusal, therefore, Group B will not be available to order.

Confirmations of requests are returned which indicate the commodities and amounts available to order. Sponsors should immediately verify the confirmation against the original request to ensure input errors have not occurred. Contact Food Distribution when discrepancies occur.

Do not place orders in advance, order only in the month requested. Commodities are ordered monthly from USDA or brought into the state to be allocated based on requests to prevent excess storage. All requests for the month must be ordered or transferred to private storage by the end of the month. When cases are left at the end of the month sponsors are billed excess storage charges.

### Entitlement

A sponsor’s entitlement level is computed by multiplying their ADP by the current commodity dollar assistance. This figure is split between Group A and B. The entitlement dollar indicates the total value of commodities a sponsor will be offered during the program year. When a Group A or B product is indicated as “bonus” on an NOA, it is not deducted from entitlement.

The USDA Donated Food Wholesale Value List (Exhibit D) is sent to sponsors annually and updated as new items are offered. This information is provided to assist sponsors in monitoring their entitlement and inform them of the USDA value of the foods they are receiving.

Monitoring the dollar value of the commodities received in the food service operation is an important management tool. Sponsors must track the value of commodities received for the Annual Financial Report and provide auditors the level of federal assistance received. Additionally, the USDA price list is used to establish the value when a commodity loss occurs.

## **COMMERCIAL DISTRIBUTION SYSTEM**

### Overview

USDA contracts with the Department of Education (ADE) to warehouse and distribute commodities to eligible sponsors within the State of Arizona. The ADE has a contract with a commercial distributor for the handling, storage, and distribution of the commodities to all sponsors throughout the state. The ADE also has agreements with sponsors that include the administrative and storage requirements for participation in the Food Distribution Program. The Food Distribution Program staff is responsible for ordering the commodities from USDA based on availability and projections on the Planned Usage Request Forms. Sponsors order their commodities directly from the commercial warehouse. Sponsors are billed by the warehouse for a storage, delivery and state administration charge. Charges are on a per case basis, negotiated by ADE and the warehouse annually.

### Method of Delivery/Pickup

Sponsors may choose one of the following options to receive commodities:

- 1) Delivery to Food Preparation Site - Delivery to kitchen sites where meals are prepared for congregate meals. Driver is to place the commodities in the proper storage area: dry, freezer and cooler. The driver will not put the commodities on the shelves or make room in the storage areas for them. There is a minimum charge of 10/20 cases depending on your ADP.
- 2) Delivery to School District or Central Warehouse - Delivery to a central warehouse receiving area. This could also be a central kitchen, such as the main kitchen for a school district where commodities are further distributed to schools throughout the district. Deliveries to central warehouses will be on exchangeable pallets. If the sponsor does not have a platform, the product must be unloaded at grade level by means of a forklift truck. There is a minimum charge of a hundred (100) cases.
- 3) Pick up at Distributor's Warehouse - Commodities are picked up from the warehouse and transported by sponsors in their own or contracted refrigerated vehicles. Issues across the warehouse platform will be at the platform outloading door on exchangeable pallets. There is a minimum charge of a hundred (100) cases.

A 10 case minimum drop fee is required for sponsors with less than 250 Average Daily Participation (ADP). A 20 case minimum drop fee is required for sponsors with more than 251 ADP.

Sponsors choose the method of delivery prior to each school year (July 1 - June 30) on the NSLP application. The delivery method may not be changed during the year.

The warehouse provides sponsors with delivery schedules and allowable pick-up days. Suggested delivery hours are from 6:30 a.m. to 2 p.m. Schools will not be required to accept delivery after 3 p.m. unless mutually agreed upon by the school and the warehouse. The warehouse will contact sponsors if for any reason the scheduled delivery cannot be made. Deliveries will not be made on State and school district holidays, the last week of June, and school closures. **However, the sponsor must notify the warehouse of any known closure in advance, within the mutually agreed upon time frame.**

Each delivery receipt is to be signed by the school. Schools must indicate shortages, overages and refused damaged cases on the receipt the driver and school must initial any changes to the invoice. Signing the receipt indicates that everything was received and in good condition. **Schools must call the warehouse to have shortages and damages reshipped.**

### Ordering Procedure

Each sponsor is provided an original order form (Exhibit E) at the beginning of the program year. It is the responsibility of the sponsor to make copies from the original. Group A or Group B commodities (bonus and entitlement) can only be ordered if a "Notice of Arrival" has been sent previously and the sponsor has cases at the warehouse. Group B commodities are to be ordered according to confirmations. Groups A and B and processed items may be ordered at the same time.

Sponsors may place orders for less than their required 10 or 20 cases but the shipping charge will be for the minimum amount. It is more cost effective to call the State Department and request a special allocation from surplus inventory that will help meet the minimum delivery case amount.

You may order on-line, by mail, fax or phone. Orders must be received at distributor a minimum of 72 hours (3 working days) prior to the assigned delivery day. Orders may be placed weekly, every other week or monthly. The sponsor determines the frequency of the deliveries.

Telephone orders will be taken between the hours of 8:00 a.m. and 3:00 p.m. When ordering by phone:

- 1) Identify yourself
- 2) Name of Sponsor and Delivery Site
- 3) CTD number
- 4) Purchase Order number, if applicable
- 5) Delivery address
- 6) Telephone number of contact person
- 7) Order commodities by Commodity Code.

**Orders received late will automatically be delivered the following week.**

A sponsor with more than one delivery site must submit an order per site to receive deliveries at different sites. Orders for sites under the minimum case amount will be charged the minimum delivery fee. Schools should keep a copy of the completed order to check against the delivery while the driver is still on school grounds.

The commodity warehouse is closed the last week of June for the physical inventory. No deliveries will be made that week.

### Receiving Responsibility

#### 1. Shipments from Distributor

Check the delivery and have the driver indicate on the receipt if there are shortages and/or damages. Contact the warehouse to reorder short and/or damaged commodities. Reorder items will be shipped on the next scheduled delivery day. Invoices will be for only the number of cases shipped on reorders, no minimum delivery fee will be assessed. Reorders may be combined with a future order to help meet the minimum 10 or 20 case shipping charge. The school is responsible for the delivery once the receipt is signed. **The warehouse is not responsible for shortages and/or damages after the receipt is signed.**

#### 2. USDA Direct Shipments

Large schools with warehouse facilities may elect to receive full truckload quantities of commodities direct from USDA. These shipments are coordinated between the schools and Food Distribution. The following requirements apply to sponsors electing to receive direct shipments from USDA

- ❖ All truckers are instructed by USDA to arrange unloading appointments directly with the school, 24 hours in advance.
- ❖ Truck shipments are scheduled to arrive either palletized, slip sheeted or, if not, the driver may tailgate the product on the school's pallets. The school normally unloads the truck.
- ❖ The school inspects the load upon arrival and verifies the accuracy of the count. A Receiving Report (Exhibit F) is completed within five working days after delivery and returned to the Food Distribution Unit. An over/short and/or damaged report (Exhibit G) is submitted if shipment is not accurate.

Sponsors are charged an administrative fee by Food Distribution for direct shipments.

### Payment to Warehouse

The invoice received at time of delivery is a "bill". Submit payment to the warehouse. Statements of accounts are sent each month. Payment is due 30 days upon receipt. Shipments will be stopped after 60 days for nonpayment. Shipments will resume when payment is made. A late fee of 1½ percent is assessed on all bills 60 or more days in arrears.

### Excess Storage

Food Distribution will charge sponsors \$1.00 per case on cases remaining after the 45-day storage period. ADE will also assess an excess storage fee on cases requested from surplus inventory and not ordered out by the close date on allocation.

## **COMMODITY PROCESSING**

USDA regulations allow state distributing agencies to enter into agreements with commercial food companies for the processing of commodities into various end products [7 CFR Part 250.30(b)]. When the desired commodities are labor intensive or the commodity is difficult to work with, processing is an option.

### Types of Donated Food Processing Programs

#### **Master Donated Food Agreement Processing Program**

The ADE enters into a Master Donated Food Agreement with processors which specifies the terms and conditions of the processing program. Processors submit items they wish to market in the State and the items are approved by Food Distribution. Several processors may offer the same product. Schools chose the processor that best fits their needs. Commodities may be backhauled from the school's warehouse, the commercial warehouse or shipped directly to the processor. Group A and B donated foods are processed under this option.

Processing surveys are sent once a year, usually in January, which enable sponsors to have their commodities directly shipped to processors from USDA. This arrangement is the most cost effective but can not be utilized unless a full truck is shipped. Product is combined from several sponsors to fill a truck.

When cases are diverted on behalf of schools, commodity value is drawn down from entitlement. A request is a committed order and must be paid. Invoices are sent from the Processor to school when product leaves the plant for delivery to school or warehouse. The products are discounted the value of the commodity in the product. The product is shipped into the commodity contracted warehouse and is ordered for delivery with the regular commodities or it may be shipped directly from the processor to the sponsor.

### Fee Arrangements

The cost of processing donated foods into various end products will be based on one of the following:

#### **Commercially Structured Processing**

The processing of donated food is incorporated into the Processor's normal manner of business, including production, pricing, and delivery of the end product. A specific value for the donated food contained in the end product is established based on the specified USDA Commodity Sequence Code File. The Processor shall ensure that the full value of donated food contained in each case of end product will be passed to the school. With the approval of Food Distribution, the processor will select one value pass-through system.

#### **Fee-For-Service**

A fee-for-service is a price representing the processor's cost of ingredients (other than the commodities), labor, packing, overhead, and other costs incurred in the conversion of the commodity into the specified end products. A fee-for-service is used only when the commodity represents a significant portion of the end product. No discount or refund per case is established, consequently, there is no credit for value of the commodity. The net price is based on a per pound unit charge for processing raw product.

### Distributing Agency Recordkeeping and Reporting

The Food Distribution Unit will be responsible for:

- ❖ Verifying the actual amount of commodities contained in end products by computations on the End Product Data Schedule, product specification sheets, and Processor's production records.
- ❖ Reporting quarterly to USDA the amount of commodity inventories at the processors.
- ❖ Coordinating commodity shipments and deliveries to processors to ensure that the quantity of commodities for which a processor is accountable is at the lowest cost-efficient level. No more than a six-month supply, based on the processor's monthly usage, is acceptable unless approved by Food Distribution. This will be accomplished by monitoring the processor's performance reports and allowing adequate lead time for placing orders to USDA.
- ❖ Providing processors with updated lists of sponsors.
- ❖ Working with processors to notify sponsors of the products available. A list of approved processors and their products is sent to sponsors annually.
- ❖ Assure that proper documentation is maintained to support refunds of donated food value to schools.

### Sponsor Responsibilities

- ❖ Assure that purchasing procedures are in compliance with the appropriate state competitive bidding requirements (generally, public schools and state institutions) or the procurement standards on OMB Circular Number A-102 (generally, private schools), whichever is most strict.
- ❖ To pay for transportation, pickup, and delivery of products within 30 days.
- ❖ If product is bid, the school could pay less than the amount indicated in the Processing Catalog.
- ❖ Records must be maintained with respect to receipt, disposal, and inventory of processed donated foods.

- ❖ Perform appropriate paperwork:
  - Sign and maintain a file of load-out checklist, bills of lading, and delivery tickets for the transfer and return of donated food to a Processor.
  - Maintain invoices to ensure that the value of the donated food contained in the finished product was received in exchange for the raw donated food.
  - Submit the appropriate Processor's Refund Application to the processor within 30 days from the end of the month of the date of delivery of end products containing commodities.
- ❖ Monitor performance of processors and bring any problems to the attention of the Food Distribution Unit.

For more information refer to the *Donated Food Processing Manual*.

## USE OF USDA COMMODITIES

### Food Service Management Companies

Food Service Management Companies (FSMC) may be employed to conduct the food service operations of eligible Child Nutrition Program sponsors. The contract between the sponsor and the FSMC must include:

1. Any commodities received by the sponsor and made available to the FSMC shall be utilized **solely** for the purpose of providing benefits for the employing agency's food service operation and it is the responsibility of the sponsor to demonstrate that the full value of all commodities is used solely for the benefit of the sponsor.
2. The FSMC is responsible for the security and care of the commodities. Claims for loss, theft or damage are the responsibility of the FSMC.
3. The FSMC will keep records for a period of five years from the close of the fiscal year.

For more information on FSMC, refer to Section 11 and the manual *Contracting for Food Management Services*.

### Use of Commodities in the Class Room

Schools may provide any type of commodity for use in training students in home economics classes and nutrition education classes at all grade levels. No charge is to be made for commodities transferred to classes. It is recommended that a transfer slip, listing the kind and amount of commodities, be signed by the receiving teacher. Commodities should be released to teachers on an as needed basis. All handling and storage requirements must be met.

### Administering Several Food Programs

Records must be kept to indicate commodities received for each Child Nutrition Program administered (ie: NSLP or SFSP). Use of product from one federal program to another must be tracked so replacement can be made.

### Catering

Commodities **may not** be used for catering of school (e.g., school clubs or sports banquets, PTAs, etc.) or nonschool functions (e.g., Chamber of Commerce, clubs, political rallies, etc.).

Schools may use commodities for other meal service activity which is operated in the school or under the nonprofit school food service account such as: a la carte sales, school breakfast program and meals and snacks in residential child care institutions (RCCIs).

Schools contracting to provide meals and/or snacks to elderly programs or childcare centers for a fee are providing a catering service. Schools in this situation may prepare and provide meals containing commodities to childcare centers, but may not claim these children or adults in their average daily participation count or for school lunch reimbursement. Many Headstarts and childcare centers are on the Child and Adult Care Food Program in which they receive cash per meal for commodities along with their reimbursement claims. Schools must also be able to show that they have replaced commodities with commercial replacement sufficient to cover these additional meals.

## **CARE AND STORAGE OF COMMODITIES**

### Storage Procedures

Any school receiving USDA commodities is responsible for the care of the commodities. This would include but is not limited to:

1. Check each delivery of food for possible shortages and damage **before** the foods are accepted.
  - ❖ Refrigerated and frozen products must be examined to ensure that the temperature of the product is adequate and that they are in good condition.
  - ❖ Canned foods must be examined to determine if there are any damaged, disfigured, or discolored cases or cans, which might indicate spoilage or deterioration.
  - ❖ Foods subject to insect infestation must be thoroughly inspected.
  - ❖ Foods found to be out of condition must be segregated from other foods and handled in accordance with loss procedures.
2. A perpetual inventory record must be kept for all foods in stock. (Exhibit H)
3. Adequate safeguards must be taken to protect commodities from theft, loss, or spoilage.

- ❖ There must be no external openings in the structure of the building where foods are stored, which would allow rodent and insect infestation.
  - ❖ Extermination must be performed at a minimum of once a month. Extermination may not be an adequate safeguard against infestation; therefore, fumigation should be instituted when extermination is inadequate. A record of extermination/ fumigation must be kept.
  - ❖ Secure locks should be placed on freezer/coolers and all doors of buildings where commodities are stored. This will help prevent theft and vandalism.
4. Freezer/cooler checks. It is required that district personnel be assigned to make freezer/ cooler checks daily and maintain a log of checks (Exhibit I). The log should contain:
- ❖ the date of the check
  - ❖ the time of the check
  - ❖ the recorded temperature
  - ❖ the signature of the person conducting the check

This practice must be continued during the summer vacation, or any other vacation period. If it is not possible to make these checks on weekends, then they should be made late Friday afternoons and early Monday mornings.

5. The following temperatures should be maintained:

<u>Items</u>	<u>Examples</u>	<u>Recommended Temperatures</u>
Frozen foods	Beef	0° F or below
Cooler foods	Cheese	32° to 35° F
Grain Products	Flour	50° F or below
Dry Storage	Canned Goods	70° F or below

Refer to the *Food Storage Guide* for the recommended storage temperatures of all products.

6. Commodities must be stored off the floor on pallets or shelving and away from the wall for proper ventilation.

### Transfers

Only order quantities that can be properly stored and utilized without waste.

- ❖ Except in unusual circumstances, an inventory of no more than a six-month supply of commodities on hand should be maintained. Always try to use before the “Best If Used By” Date. (Exhibit J)
- ❖ Notify the ADE if there is more than a six-month supply so that a transfer can be made to an eligible school in the vicinity. Transfer forms are supplied for this purpose (Exhibit

K). The form is to be signed by both donor and recipient. The transferring agency guarantees the product for three months from the transfer date.

- ❖ Transfers can be made between programs. If NSLP is donating to SFSP a transfer form must be completed. The value of the commodity must be replace back into the school lunch program either with like product or replacement product.

### Loss, Spoiled, or Damaged Commodities

Sponsors are financially responsible for commodity loss through spoilage or theft due to negligence or failure to provide adequate storage or protection of commodities in the school's possession. If a loss of commodities due to spoilage, infestation, fire, or theft occurs, it should be reported immediately by phone to Food Distribution. The State Agency will issue appropriate instructions for disposition of commodities that are damaged or unfit for human consumption. Forms will be issued for the purpose of providing a thorough explanation of the loss (Exhibit L). Losses occurring as a result of theft or break-in should be investigated by local authorities and a copy of the their report enclosed with the loss report. A loss report from fire should include a statement from the fire chief or other official who investigated the fire. **Do not dispose of a commodity without prior authorization from Food Distribution.** Commodity losses may be compensated by payment for the value of the commodities or by replacing the product, this determination is made by Food Distribution.

Report any out-of-condition or damaged product received to Food Distribution. Provide the following information:

- ❖ Name of sponsor
- ❖ Name of commodity
- ❖ Contract number and/or plant number
- ❖ Date product was received and date of pack
- ❖ Condition of the commodity (including identification or description of foreign matter), and how the commodity was discovered to be out-of-condition.
- ❖ Quantity on hand that is assumed to be unusable or questionable.

When Group A or B entitlement commodities are received out-of-condition or damaged, these commodities will be replaced with like commodities, if possible. No replacement will occur if the loss or damage was due to sponsor mishandling or the sponsor has already exceeded their entitlement.

### Food Alerts

All sponsors will be notified when there is an urgent concern about the safety, wholesomeness, or condition of commodities. Notification will be made expeditiously either verbally or in writing stating "This is a Food Alert - a potential hazard has been discovered". An immediate hold must be placed on all products covered by this alert until advice on proper disposition is received. After instructions are received from USDA, notification will be provided either releasing the foods for program use or providing instructions for the disposition of unsafe products.

## Records and Reports

Sponsors must maintain and complete the following records of commodity inventory and usage:

1. Sponsors annually should complete and retain on site the "Storage Facility Self-Evaluation Form" (Exhibit M). This is also a tool to ensure that safe storage and handling methods are practiced.
2. Sponsors must complete an annual Inventory Report based on actual physical counts of commodities. The report is due July 10. The report should indicate only full cases/bags of donated food in inventory and/or at private storage facilities (Exhibit N).
3. A contract with a private storage facility should be on file (Exhibit O). The contract should list the facility's responsibility for damage, theft and/or fire of commodities.
4. A perpetual inventory should be maintained for the most efficient use of commodities. A periodic physical inventory must be taken to determine the accurate quantities of commodities on hand.
5. Verification of Shipments report will be sent monthly by Food Distribution. Discrepancies in the report should be reported (Exhibit P).
6. Value of Commodities Received Year-End Deliveries report should be kept on file; this is the value of commodities delivered and must be retained for auditing purposes.

## **COMMUNICATION**

### Food Preference Surveys

The Food Distribution Program is required by USDA to collect commodity acceptability information from at least 20 percent of all sponsors bi-annually. Schools are surveyed on the types and forms of commodities that are most useful to program participants, commodity specification recommendations and requests for options regarding package sizes and forms of commodities. This data is collected by Food Distribution Program and submitted to the USDA, Food and Consumer Services (FCS), by April 30 every other year.

### Food Distribution Advisory Council

A National Food Distribution Advisory Council comprised of representatives from all nutrition programs at national, state and local levels meets twice a year with the FCS staff. Recommendations are printed and submitted to Congress annually.

## Commodity Complaints

If a school receives a product that they feel is not acceptable due to the quality or condition of the product, they should complete the Food Distribution Commodity Complaint Form (Exhibit Q) prior to calling the USDA hotline. It is necessary that all pertinent information about the product, i.e., contract number, plant number, date of pack, date of receipt, etc., be provided to allow for appropriate investigation by USDA.

## **DISASTER FEEDING**

### Release of Commodities

Should a natural or man-made disaster occur sponsors may be contacted by local disaster authorities for release of commodities. Sponsors are required to comply with the following procedures in regards to utilization of USDA commodities:

1. Upon declaration of a natural or man-made disaster, local disaster authorities, i.e., Red Cross, Civil Defense, and Salvation Army, will contact schools participating in the National School Lunch Program to request food.
2. Upon being contacted by disaster authorities, school personnel should contact Food Distribution for authority to release USDA commodities, giving the following information to the extent possible:
  - ❖ Description of disaster situation;
  - ❖ Number of people requiring meals and group feeding period;
  - ❖ Quantity and types of food needed for group feeding; and
  - ❖ Number and location of sites for group feeding.
3. When authorization has been given by Food Distribution, detailed records should be kept as to the types of food and quantity released or prepared for the disaster relief agency. Complete Form FNS-292 and submit to Food Distribution within 10 working days after the end of the disaster. Form will be provided as needed.
4. Food Distribution will replace commodities to the extent possible with foods of equal value or in-kind.